

## University of Rochester Electronic Funds Transfer Policy

**Purpose:** The primary goal of this policy is to ensure that the Electronic Funds Transfers (“EFTs”) used to receive and disburse funds are initiated, executed, and handled in an efficient and secure manner and to ensure adequate banking controls are maintained. Considerations for this policy include security, fraud mitigation, efficiency, cost effectiveness, the type of transfer requested and the methods used to communicate instructions with the University’s bank.

This policy identifies the responsibilities of individuals and procedures involved in the processing of EFT activities.

This policy also identifies the proper documentation to be provided to the Office of Treasury Management by University personnel requesting payment of, or receipt of, funds via EFT. Completion of proper documentation ensures timely and accurate payment, and fraud mitigation, while establishing an audit trail to track and report the flow of funds.

**Applies to:** All faculty and staff

**Questions:** Contact Office of Treasury Management 585-275-6968

### I. Diligence Requirements for the Disbursement of Funds

University faculty and staff who are authorized within their department to make payment, wishing to make an external payment (each, a “Requestor”) via EFT must authenticate all banking instructions provided by the payee or supplier, as well as any changes or modifications to banking instructions, in accordance with this policy. Requestors must provide relevant details to Treasury Management with the authentication steps taken by the Requestors, and provide the contact information of the payee or supplier, before Treasury Management will initiate an EFT.

- a. Requirements for a New EFT Request: The responsibility to authenticate banking instructions for payments via EFT belongs to the Requestors who provide the banking instructions for payment to the Office of Treasury Management. Requestors must always verify the authenticity of payment instructions for an EFT request for a new payee or supplier before submitting the EFT. Requestors may only authenticate instructions by phone, and may not verify these instructions using email, or through video conference tools such as Zoom, Skype or Microsoft Teams. When validating, Requestors must call the supplier or payee at the phone numbers known to the Requestors prior to receipt of the payment instructions.
- b. For recurring payments, if payment instructions are unchanged, Requestors can use originally obtained verification details in the request documentation. It is the responsibility of the Requestor to notify Accounts Payable or Treasury Management

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if the payment instructions change and to re-verify any changes as a requirement of this policy.

- c. Modification or changes to payment instructions: Requestors must always verify changes in payment instructions for an existing supplier or payee by phone. Requestors may not authenticate modified payment instructions using email, or through video conference tools such as Zoom, Skype or Microsoft Teams. When validating modified payment instructions, Requestors must call the supplier or payee at the phone numbers known to the Requestor, prior to receipt of the modified payment instructions.

NOTE: Requestors should be mindful that it is rare for payees to modify payment instructions. Requestors should take extra caution in reviewing any electronic communications with the payee regarding the modified instructions for possible indication of fraud.

- d. Should verification of payment instructions indicate suspicious activity or potential fraud, the Requestor must notify Accounts Payable and Treasury Management immediately to investigate.
- e. Accounts Payable or Treasury Management may request additional information, as necessary, in an effort to strengthen due diligence, support data integrity and mitigate risk of fraud.

## II. Diligence Requirements for the Receipt of Funds

Treasury Management is the only department that is permitted to give banking instructions. Those who seek the banking instructions must notify and obtain them from Treasury Management, in order to receive an EFT from an external party. The Associate Treasurer, Treasury Manager or Treasury Analyst will provide the payment instructions to the external party directly via secure email or fax. The only exception is a department that have been assigned a Virtual Reference Number (“VRN”). Departments having a VRN may distribute the VRN instructions at will.

When learning of an incoming EFT, individuals must provide to General Accounting a Banking Entry form or an email that contains other pertinent booking information. Funds that come into the University’s bank account for which an owner cannot be identified within 40 days of receipt, will be returned to sender.

- a. A Banking Entry form must be completed and sent via email to [Generalaccounting@ur.rochester.edu](mailto:Generalaccounting@ur.rochester.edu) and [Cash\\_Mgmt@UR.Rochester.edu](mailto:Cash_Mgmt@UR.Rochester.edu).

Required information includes:

- Name of payee
- Amount of payment
- Company code
- Financial Activity Object (FAO) to be credited in UR Financials

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- Revenue or spend category
- Anticipated date of receipt
- University contact name and phone number
- Payee bank name and address (if possible)

<https://www.rochester.edu/adminfinance/finance/financial-reporting-andaccounting-operations/financial-reporting-forms/>

### III. **Procedures and Requirements for Disbursement of Funds**

#### **a. Payments Routed to Treasury via UR Financials:**

Expedited Supplier Invoice Requests (or, “Expedited SIRs”) that route to Treasury Management via UR Financials must include banking instructions and detailed payee information in the Internal Memo field. The Expedited SIR payment type is reserved primarily for benefits and payroll.

Supplier Invoice Requests (or, “SIRs”) and purchase order invoices that route to Treasury Management via UR Financials should follow the Procurement to Pay (or, “P2P”) Foreign-EFT Reference Guide, which can be found under “Supplier Invoice Request SIR” (Reference Guides – UR Procurement on the Finance website, located here:

[\(https://www.rochester.edu/adminfinance/urprocurement/resources-supporttraining/resources/reference-guides/\)](https://www.rochester.edu/adminfinance/urprocurement/resources-supporttraining/resources/reference-guides/).

All SIRs routed to Treasury Management for payment require a completed Foreign-EFT Payment Questionnaire. All fields on the questionnaire are required and must be completed in order for the payment to be processed. Requests with missing or unclear information will be returned to the requestor.

#### **b. Payments Routed to Treasury Outside of UR Financials:**

All requests for EFT payment that are not routed to Treasury Management via UR Financials should be sent to Accounts Payable.

Accounts Payable requires receipt of a payment request at least 4 business days prior to the desired settlement date. Accounts Payable will forward any urgent payments to Treasury Management. All requests submitted to Treasury Management by 10am having all of the requisite information completed and having verified banking instructions will be processed the same day, on a best-efforts basis. Final settlement will depend on the individual transaction (i.e., foreign currency conversions may take longer to settle).

All requests for payment must include a Form F-4 EFT, (“Request for Electronic Funds Transfer”) or otherwise submitted to the Cash Management email inbox ([Cash\\_Mgmt@UR.Rochester.edu](mailto:Cash_Mgmt@UR.Rochester.edu)). Refer to Accounts Payable ([accountspayable@UR.Rochester.edu](mailto:accountspayable@UR.Rochester.edu)) for help on completing the form. The following is a listing of the required information for an EFT:

- Payee name
- Payee mailing address
- Payee email address

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- Amount of EFT
- Currency
- United States ABA or SWIFT/CHIPS or BIC number (for international payments)
- Payee's domestic bank account number or International Bank Account Number ("IBAN") (for international payments)
- Company Code
- Payment due date - this must be future business date. If it is not future business date, Treasury Management will process for payment, based on EFT type, typically on the next business day
- Reason for payment/any additional information that should be included with payment (i.e., invoice #, PO #, etc.)
- Financial Activity Object ("FAO") to be debited in UR Financials
- Spend Category (or Revenue Category if applicable) and Ledger account
- Signatures of authorized signers. These signers must ensure appropriate validation of Payee banking instructions to be in accordance with this policy

Treasury Management will identify the appropriate EFT payment type: ACH, Book Transfer, FED Wire, EFTPS, SWIFT or CHIPS. The type of transaction is dependent upon when settlement must occur and if the transaction is domestic or foreign. Treasury will follow payment guidelines as set forth in their internal "Cash Positioning Procedures" in order to make payments via the JP Morgan bank portal.

Once the payment has been initiated within the bank portal, an approver in the Treasury Management office (the Associate Treasurer or the Treasury Manager, generally) will review the transaction(s) for accuracy of the data input, providing secondary validation of data. The approver must review the bank identifier (ABA, SWIFT code, etc.) and account identifier (account # or IBAN) for each payment. After verification is completed and identified as accurate, the approver will approve and/or release the transaction(s) for settlement by the bank.

General Accounting will record/"book" all payments made by Treasury Management into UR Financials. Treasury Management will provide General Accounting with the necessary documentation.

### IV. Treasury Management SharePoint Website

Historical receipts and disbursements are saved daily to Treasury Management SharePoint website. Bank lines are posted to the SharePoint daily, for the prior day's information. However, the SharePoint site is not updated on the day following a bank holiday.

University personnel can obtain access to view these transactions. In order to gain access to the SharePoint, users must email Treasury Management ([treasury@ur.rochester.edu](mailto:treasury@ur.rochester.edu)). A University NetID and password is required to access the site. The SharePoint site is located here: <https://treasury.ur.rochester.edu/Shared%20Documents/Forms/AllItems.aspx>

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### V. Appendix

#### EFT (Electronic Funds Transfer)

An automatic method of transferring funds electronically from one bank account to another without producing a check. ACH, Book Transfer, CHIPS, SWIFT, EFTPS, Wire Transfer and Freeform Transactions are considered EFT transactions.

#### ABA (American Bankers Association) Number

The ABA number is the nine (9) digit electronic address of a financial institution. The ABA number is sometimes referred to as the Transit Routing Number. The ABA number is encoded in the MICR (Magnetic Ink Character Recognition) line of all checks. NOTE: The ABA is not necessarily identical for checks, wires, and ACHs.

#### ACH (Automated Clearing House)

Developed in the 1970s as an electronic alternative to checks. In an ACH transaction, payment information is processed and settled electronically, thereby increasing reliability, efficiency, and cost effectiveness. In addition, an ACH transaction is capable of transferring more information about a payment than is possible on a check. An ACH transaction is typically settled the next business day, but sometimes earlier depending on how often the receiver chooses to process its ACH information.

#### BIC

The Business (or Bank) Identifier Code (BIC) consists of 8 or 11 alphanumeric characters, comprising a Business party prefix (previous institution code), country code, business party suffix and branch identifier. The BIC Code structure is defined by the international standard under ISO 9362:2014 and country code ISO 3166-1. This code acts like a physical address for where money will be sent, and without it, the financial institution is unable route funds to the correct location.

#### Book Transfer

Intrabank transactions settled and visible the same day in the payee's account.

#### CHIPS (Clearing House Interbank Payments System)

An independent large-dollar funds transfer network operated by the New York ACH. It was established in 1970 to substitute electronic payments for paper checks used in international dollar transactions between foreign and American banks.

#### EFT

Electronic funds transfer (EFT) is the electronic movement of money from one bank account to another, either with a single institution or across multiple institutions, via computer-based systems without the direct intervention of bank staff. EFT transactions are known as a number of names across different payments systems and countries. Some examples of EFT transactions names include: direct debit, transfers initiated by phone, ACH, Fed Wire, SWIFT and electronic bill payment in online banking.

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### EFTPS (Electronic Federal Tax Payment System)

A tax payment service provided free by the US Department of the Treasury. Quick, secure and accurate, EFTPS began in 1996 and all federal taxes can be paid using this method.

### Freeform Transactions

Freeform, or “random” transactions are one-time funds transfer requests that do not have a template previously created nor is a template maintained; freeform is utilized on an “as-needed” basis.

### IBAN (International Bank Account Number)

A series of alphanumeric characters that uniquely identifies an account held anywhere in the world. Facilitates the automated processing of cross-border credit transfers.

### SWIFT (Society for Worldwide Interbank Financial Telecommunications)

SWIFT is a major international interbank telecommunications network that transmits international payment instructions as well as other financial messages. It is not a funds transfer network. Messages are transferred requesting debits and credits to correspondent accounts (in addition to other types of accounts). Actual settlements occur through Fed Wire, CHIPS, correspondent accounts, or other means.

### Federal Reserve Wire (“Fed Wire” or “Wire Transfer”)

The Federal Reserve funds transfer system. It is a real-time method of transferring immediate funds and supporting information between two financial institutions, using their respective Federal Reserve accounts. The system is reliable and secure but, compared to checks and ACH transactions, relatively expensive to use.

## **VI. Policy Review**

This procedure will be reviewed and revised in accordance with policy and procedure changes as well as bank required compliance.